



BANCA D'ITALIA
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INTERNATIONAL TECHNICAL COOPERATION NEWSLETTER



2022 (1st Semester)

Highlights

During the first half of 2022, we carried out 35 technical cooperation activities in the form of 6 webinars, 1 study visit, 1 mission, 11 videoconferences and 16 written consultations.

Some 450 representatives from 51 central banks, supervisory authorities and other organizations took part in these events.

The Governor Visco signed the Agreement committing Banca d'Italia to participate to the new three-year EU-funded programme 'Strengthening the Central Bank Capacities in the Western Balkans with a view to the integration to the European System of Central Banks. Phase II' which will start officially in September.

This newsletter is a twice-yearly publication informing on international technical cooperation at Banca d'Italia.

You can find previous editions of the Newsletter [here](#).

For further details on our international technical cooperation activities, please visit our [webpage](#).

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Webinars 2022

Central banking, climate risks and sustainable finance

(25-26 January)

72 participants

Financial risks related to climate change and broader sustainability issues are receiving increasing attention from central banks and supervisory authorities. The effects of climate change can be a threat to economic activity and to the stability of the financial system, but can also offer great opportunities, where properly managed. Those operators able to integrate sustainability objectives into the development and provision of financial services will be able to improve their ability to compete effectively on the market. The regulatory and supervisory authorities will continue to coordinate actions to encourage intermediaries to equip themselves with suitable safeguards in order to address these challenges in a sound and prudent manner. Climate-related financial risks can influence the soundness of individual banks and the stability of the financial system as a whole via existing regulated risks (credit, market, operational, liquidity). They can also interfere with monetary policy transmission channels and price stability.

[Read more on page 6]

Towards a more inclusive central bank: the diversity management function

(16 February)

35 participants

"Diversity is being invited to the party; inclusion is being asked to dance": this quote by Verna Myers, author and cultural change catalyst, opened the webinar "Towards a more inclusive central bank: the diversity management function", held on 16 February 2022. The webinar was attended

by 35 participants from 18 emerging countries and proved to be fertile ground for sharing the experience gained so far by Banca d'Italia in this field and for discussing developments at the European (ESCB/SSM) and G7 levels. The discussion addressed:

"why" diversity management is important for a central bank – from the right to equal treatment and talent development to avoiding groupthink and better serving society;

"what" diversity managers should do to break down the barriers, foster the uniqueness of each and every person, and promote positive actions for minorities and underrepresented groups;

"who" are the key players and stakeholders involved in the journey to a diverse organization.

[Read more on page 6]

Payment systems and market infrastructures in the EU: policy, operation, new instruments, oversight – the role and experience of Banca d'Italia

(9-10-11 March)

70 participants

The discussion started from TARGET Services, which ensure the flow of high value payments (TARGET2), securities (TARGET2-Securities) and instant retail payments (TIPS) in central bank money. Its development and operations are managed by the 4CB (Banca d'Italia, Deutsche Bundesbank, Banco de Espana and Banque de France). To enhance TARGET Services and meet market demands, a cross-currency instant payments functionality beyond the euro area is currently being considered.

[Read more on page 7]



Webinars 2022

Competencies as drivers of central bank staff development

(6-7 April)

58 participants

The idea of competencies as drivers of HR development is not a new one. The identification of key competencies has been a standard part of all phases of HR processes for decades, encompassing areas such as defining profiles for hiring, carrying out internal performance assessments and providing feedback to staff, organizing training initiatives and deciding promotions. What the two-day webinar illustrated is a structural reorganization based on competencies, a move from a compartmentalized use of competencies within various units and for numerous activities to an HR system entirely centred on competencies, in order to better face the challenges of an ever faster paced world in which agility and resilience have become key, new professional profiles have become necessary and external factors have revolutionized established ways of working. The creation of the Professional Development Directorate was the embodiment of the new systematic approach to competencies as drivers of central bank development and took place as part of an overall reorganization within the Bank of Italy.

[Read more on page 8]

Managing a central bank: challenges and tools

(4-6 May)

50 participants

Central Banks, like every public service institution, must cope with an ever changing environment while maintaining stability in the system. This was true before the pandemic, when

this seminar was initially planned, and became even more striking in the last two years, when new technological and organizational solutions were rapidly implemented and new ways of working had to be developed.

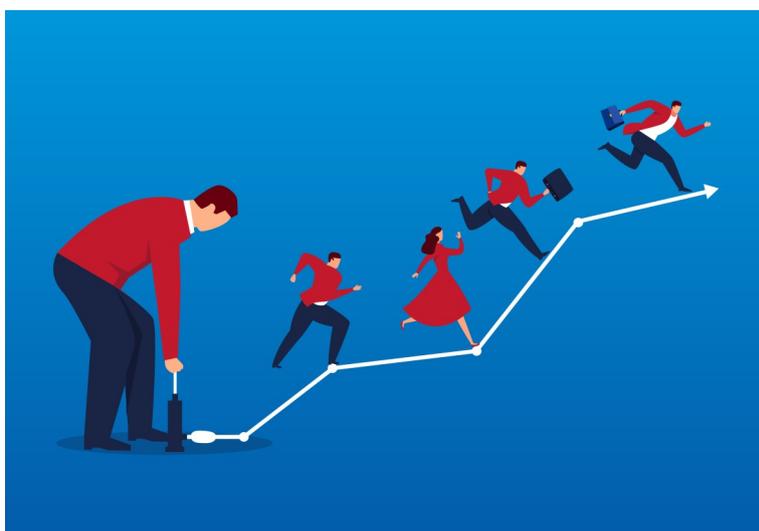
Banca d'Italia has undertaken an ongoing transformation process for a better integration of all management functions by envisaging changes in organizational systems, HR, IT and logistics in order to increase adaptability and resilience. Focusing on the idea of finding the right balance between this drive for innovation and flexibility and the need to retain control of the organization as a system, the seminar discussed several topics over the course of three days.

[Read more on page 8]

Crisis management and bank resolution

(15-16 June)

74 participants



The availability of tools to deal with bank failures effectively is a key feature of any country's legal system, given the harmful impact that a bank crisis can have on public confidence, financial stability and the real economy.

The webinar was an opportunity to

share experiences and discuss insights on the current European crisis management framework for banks, established by the Banking Recovery and Resolution Directive and the Single Resolution Mechanism Regulation in 2014, in the aftermath of the global financial crisis.

The first day was devoted to the explanation of the regulatory and institutional setting for bank resolution, in which Banca d'Italia operates as national resolution authority.

[Read more on page 9]

2022/23

Seminars Catalogue

Please note:

Due to the global health emergency our upcoming face-to-face events will be held as webinars. We will revert to face-to-face events as soon as it is safe to do so.

Please keep checking the [catalogue](#) for further updates.

2022

- [Central banking, climate risks and sustainable finance](#) - 25 and 26 January
- [Towards a more inclusive central bank: the diversity management function](#) - 16 February
- [Payment systems and market infrastructures in the EU: policy, operation, new instruments, oversight - the role and experience of Banca d'Italia](#) - 9, 10 and 11 March
- [Competencies as drivers of central bank staff development](#) - 6 and 7 April
- [Managing a central bank: challenges and tools](#) - 4,5 and 6 May
- [Crisis management and bank resolution](#) - 15 and 16 June
- [Banca d'Italia's services for the public series: The Banking and Financial Ombudsman](#) - 9 September
- [Management control for supporting decision making and performance evaluation](#) - 28, 29 and 30 September
- [Portfolio management in a central bank](#) - 19, 20 and 21 October
- [Economic indicators for monetary policy](#) - 9 and 10 November
- [Data protection](#) - 14 December

2023

- [International relations from a central bank perspective](#) - 16,17 and 18 January
- [Crypto-asset ecosystems in the international landscape](#) - 23 and 24 March

General Information on the events

Banca d'Italia's international technical cooperation activities are organized by the
International Technical Cooperation and EU Neighbouring Economies Division
International Relations and Economics Directorate
Directorate General for Economics, Statistics and Research



Participation in the seminars and webinars is by invitation. Requests from institutions other than from the regular beneficiaries are considered on a case-by-case basis.

We usually accept only one representative from each institution at the seminars; two for the webinars. We try to accommodate more participants when we can.

The events usually last from two to three days.

They are as interactive as possible. Occasionally, selected participants are invited to deliver short presentations in order to stimulate discussion and debate.

The working language is English. Participation is free of charge.



Banca d'Italia's conference centre 'Carlo Azeglio Ciampi'

Webinars (...continued)

(Webinar on 'Central banking, climate risks and sustainable finance' *continued from page 2*)

Central bank and supervisory action to counter these risks is complicated by the unique features of such risk drivers; analysing them requires that new elements be added to the tools normally used, such as scenario analyses and stress testing, in order to assess the stability of financial systems or the models used to conduct monetary policy. The growing attention being paid by central banks and supervisory authorities, such as Banca d'Italia, is witnessed by the creation of the Network for Greening the Financial System (NGFS) at the end of 2017, a global network of central banks and supervisory authorities, of which

Banca d'Italia is also a member, that promotes the sharing of experiences and best practices concerning the management of environmental risks in the financial sector, focusing specifically on climate risks.

During a two-day online course on "Central banking, climate risks and sustainable finance", a team of Banca d'Italia professionals who are playing an active role in all relevant fora at international level, including the NGFS community, shared their experience on several sustainability-related topics with central bank professionals from different parts of the world. On the first day, the course set the stage by analysing climate change impacts on the economy, assessing sustainability risks and opportunities for the financial system and presenting practical examples and case studies, also exploring the challenges of integrating these issues in a monetary policy framework. On the second day, the course touched upon broader sustainability issues for central banks as investors

and supervisors, focusing, for the former, on the experience of portfolio management at Banca d'Italia and, for the latter, on EU legislation and, in particular, on the SSM's Guide on climate-related and environmental risks and the preparatory work related to the initial set of supervisory expectations issued by Banca d'Italia.

The Q&A sessions were particularly lively: many of the questions raised by the participants focused on data availability, methodological challenges, ESG investment criteria, and the timing, modalities, costs and consequences of the transition to a low/zero carbon emission economy, which vary according to the different countries' level of economic and financial development.



(Webinar on 'The

diversity management function'

continued from page 2)

Specific presentations were dedicated to relevant Diversity and Inclusion (D&I) topics, such as Banca d'Italia's Diversity and Inclusion Manifesto, the inclusion of people with a disability, and building networks through Employee Resource Groups.

The Diversity and Inclusion Manifesto – a statement of the values that drive the Banca d'Italia community, aimed at fostering the uniqueness of each and every person – includes a number of daily actions to make the Bank a more inclusive place in which to work. Everyone who shares these values can commit to the Manifesto by signing it.

With regard to the inclusion of people with a disability, when the organization provides an accessible environment, universal designs and reasonable accommodations, everyone can be included, even if they suffer from a visible or invisible disability. All of us can benefit from clear, logical, and user-friendly content and experiences.

(Webinar on ‘The diversity management function’, *continued from previous page*)

BIFriendly – one of the three Employee Resource Groups of Banca d'Italia – represents people who identify as belonging to the LGBT+ community. Activities and initiatives supported by the group were presented and the overall approach adopted to turn staff members into ‘allies’ for their LGBT+ friends and colleagues was illustrated.

Participants were actively involved in the webinar, both before and during the session. Prior to the meeting, they contributed by sharing their ideas and preferences on the topics to be discussed. During the webinar, volunteering participants from the central banks of Brazil, Egypt, and Russia shared their experiences at their respective institutions and their point of view on D&I issues, thus making the webinar very interactive.

(Webinar on ‘Payment systems and market infrastructures in the EU’, *continued from page 2*)

Banca d'Italia is also the National Service Desk (NSD) for TARGET2, T2S and TIPS. The NSD, as the contact point/helpdesk, manages the contractual relationships with the participants and their technical configuration, offers business support and monitors the functioning of the system. The TARGET2 Manual of Procedures details the measures to be activated in contingency situations: they vary according to the underlying problem and include a wide range of available tools. In most cases, the NSD acts on behalf of participants to make sure that critical payments are settled.

The second topic addressed was the retail payment sector. Banca d'Italia manages BI-COMP, where credit transfers, direct debits and payments made with debit cards and cheques are netted and sent to TARGET2 for settlement. Automated clearing houses (ACHs) carry out the activities that precede multilateral netting; these activities are also performed by the Italian central bank's clearing system (CABI), managed by Banca d'Italia for its own payments and the ones of the Italian government. Reachability services – namely, the interoperability and the interlinking

between BI-Comp and other retail payment systems – enable BI-COMP participants to exchange SEPA payments with participants in other European payment infrastructures.

Banca d'Italia is actively involved in the Eurosystem Collateral Management System (ECMS) project, which will be launched in November 2023. The ECMS will replace the national systems and will ensure a more efficient management of the collateral provided by the euro-area credit institutions as a condition to receive central bank credit.

Within the Eurosystem Reserve Management services (ERMS) framework, Banca d'Italia offers the whole range of services to central banks outside the euro area and international organizations, enabling customers to manage their euro-denominated reserve assets comprehensively and efficiently.

The last day of the event was devoted to the project for introducing a central bank digital currency of the Euro Area (Digital Euro Project).

Banca d'Italia participants gave a presentation on the evolution of payment systems oversight and the Bank's experience in this field and provided a



brief overview of the Digital Finance Package issued by the European Commission focusing on the new EU Regulations on digital operational resilience (DORA), crypto assets (MICAR) and distributed ledger technology applied to the traditional finance infrastructures (DLT Pilot).

Moreover, a presentation was given on how Banca d'Italia has implemented the Eurosystem Cyber Resilience Strategy for financial market infrastructures, which is based on three pillars: a) financial market infrastructure readiness, b) financial sector resilience and c) strategic regulator-industry engagement. In the implementation of the strategy, a crucial role is played by the establishment of a public-private forum for information sharing on cybersecurity issues (the Italian Financial CERT – CERTFin) and of a unit dedicated to coordinating action in the event of operational crisis in the financial sector (“Codise”).

**(Webinar on 'Staff development',
continued from page 3)**

On day one, the 'competency model' was presented, showing how competencies are identified and mapped and illustrating two case studies: one on the gap analysis conducted in the Directorate General for Markets and Payment Systems and the other on mapping and assessing behavioural competencies. The benefits gained and the challenges encountered were then discussed.

Next, speakers illustrated the development paths designed for professional and managerial careers. Similarities and differences between the two paths were highlighted, and a reflection on future challenges, such as tailoring development paths to each target profile in order to obtain the missing skills revealed through gap analysis and encouraging specific on-the-job experiences, completed the discussion.

On day two, the importance of the role of the HR function in supporting managers in the current fast-paced, demanding work environment was highlighted. In particular, what a business partner does and what characteristics are needed to be an effective business partner were illustrated,

along with what has been done so far and what is yet to be done. Finally, how a comprehensive partnership can be created was discussed.

The subsequent speakers outlined the first four thematic schools being launched this year as part of a new academy-style training programme. Two specialized schools (Banking and Financial Supervision, Consumer Protection and Financial Education) and two cross-sectoral schools (Language and Multicultural Studies and Managerial Studies) were illustrated, along with the path from getting started to the current state of the art and the next steps to be taken.

Contributions were also made by participants from other central banks, both via responding to a pre-webinar questionnaire whose results were commented on during the presentations, and by responding to instant polls taken during the presentations themselves. Moreover, three repre-



sentatives from central banks gave very compelling presentations on their experience: namely, the Central Bank of Brazil representative presented their experience on competency assessment and development, the Central Bank of Armenia representative illustrated their learning culture, and the Central Bank of the Philippines representative highlighted competencies and motivation strategies at their institution.

**(Webinar on 'Managing a central bank',
continued from page 3)**

The event, aimed at a large audience involved in the management or transformation of the support functions, presented topics such as: new ways of working, business continuity and risks (including unprecedented cyber threats), accounting and financial reporting, strategic planning and multi-year budgeting, ICT projects and portfolio, attraction, well-being and retention strategies, and individual and organizational performance.

Specific case studies, success factors as well as open issues and challenges from Banca d'Italia's experience were

provided. Two speakers from the Central Bank of Brazil and the Central Bank of the Philippines kindly accepted to share their first-hand experiences and insights on the topic of employee performance evaluation.

Participants joined in from all over the world to listen to the presentations and were able to interact through the Q&A tool to comment and ask for clarification or further information.

Organizing and participating in these online events can be a challenge in itself, but the quality of the discussion throughout the seminar and the exchanges, which continued afterwards, testify to central banks' willingness to keep working together, as this is still the best way to identify the most effective tools to manage our complex organizations.

(Webinar on 'Crisis management and bank resolution' , continued from page 3)

The speakers illustrated the tools available to the authorities and described the role of the Italian Resolution and Crisis Management Unit.

A special focus was placed on resolution planning, to ensure that the authorities prepared and to identify strategies to be used in the event of bank failures. Real resolution cases were examined, focusing on the 2015 resolution of four Italian banks.

During the second day, the perspective shifted to the national bank insolvency proceedings, the alternative scenario to resolution, delving into the features of the Italian compulsory administrative liquidation and the current rules on deposit protection. As evidenced by the Italian experience, liquidation premised on the sale of a bank's assets and liabilities proved to be the best strategy to ensure the orderly market exit of the entity and avoid the detrimental effects of a piecemeal liqui-

dation. Deposit guarantee schemes can play a key role in this context, particularly by going beyond a pure pay-box function through the so-called alternative measures.

After underscoring what has been achieved so far, the webinar ended by highlighting what still needs to be done. The current regime has shown several flaws, which have to be addressed to achieve greater consistency in the framework and facilitate the smooth market exit of smaller banks. Proposals are now being discussed to design a more integrated bank failure management regime within the banking union, looking at the US system for non-viable banks as a reference.

Q&A sessions with the panellists held during the sessions contributed to a very rich and engaging discussion.





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The views expressed in this Newsletter are those of the authors and do not necessarily reflect the position of Banca d'Italia.

FOCUS ON

Staff development

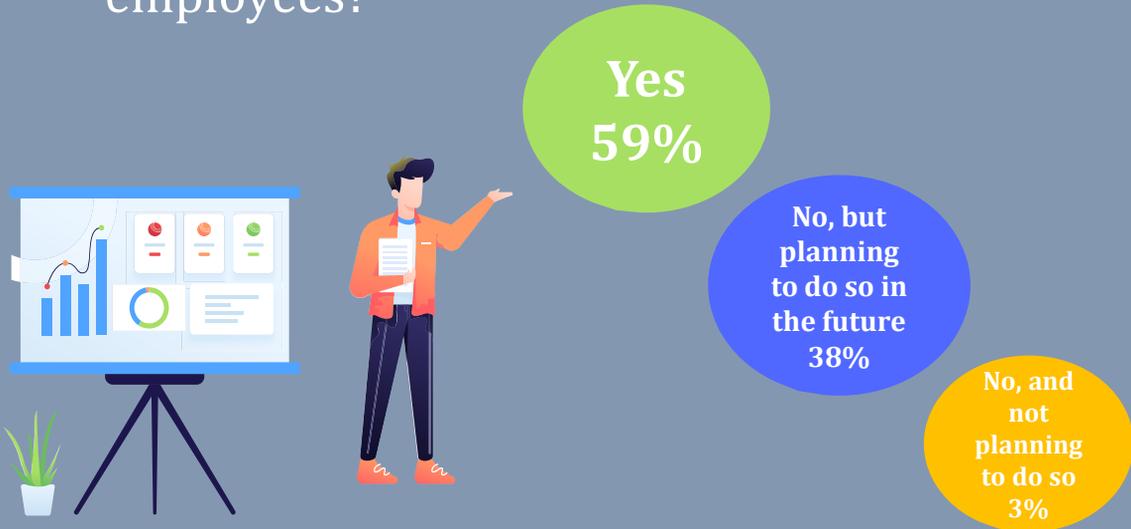
Results of a survey conducted among the participants in the Banca d'Italia webinar **'Competencies as drivers of central bank staff development'** – 6 and 7 April 2022

(with the cooperation of Camilla Bignotti, Shannon Cox, Carla Dimauro, Davide Piacente and Anna Suozzi)

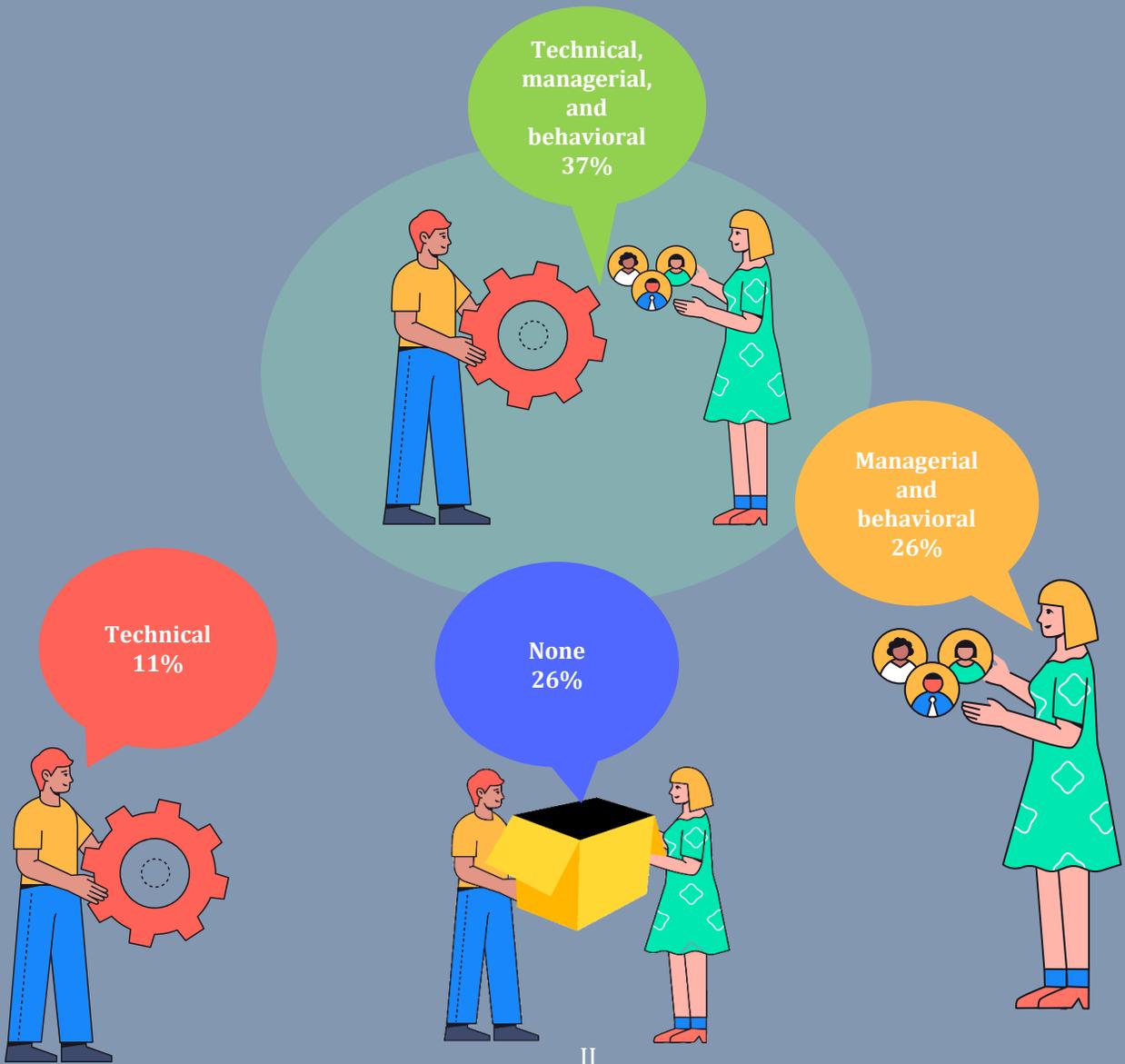


*answered by 41 national central banks. Not all the respondents answered to all the questions. The percentages in each graph are calculated on the total of the answers received for each question.

Have you ever assessed the competencies of your employees?



Which types of competencies have you assessed?



Have you ever launched a listening campaign addressed to your employees?



No
68%

Yes
32%

Do you have listening initiatives specifically dedicated to your managers?



No
68%

Yes
32%

What kind of training initiatives does your bank offer?



What learning solutions do you use?



Do you offer courses on multicultural awareness?

No
76%



Yes
24%

What language/s are your courses delivered in?



In the official
language of
your country
79%

In English
66%

In
another/other
language/s
5%